

**LIMESTONE FIRE PROTECTION DISTRICT  
CLAREMORE, OKLAHOMA**

**FINANCIAL STATEMENTS AND AUDITOR REPORTS**

**FISCAL YEAR ENDED JUNE 30, 2021**

Audited by

**BLEDSON, HEWETT & GULLEKSON  
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

**LIMESTONE FIRE PROTECTION DISTRICT  
BOARD OF DIRECTORS  
JUNE 30, 2021**

**Chairman**

Rick Phelps

**Clerk**

Bud Averill

**Treasurer**

Chris Lewis

**Members**

Matt Logsdon

Bob Peters

**Bookkeeper**

Kevin Fortna, CPA

**Limestone Fire Protection District  
Claremore, Oklahoma**

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June 30, 2021

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**BLEDSON, HEWETT & GULLEKSON**  
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Limestone Fire Protection District  
Claremore, Oklahoma

***Report on the Audit of the Financial Statements***

We have audited the accompanying combined fund type and account group financial statements-of the Limestone Fire Protection District, Claremore, Oklahoma (the District), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021 and the respective changes in cash basis financial position and its cash flows for the year then ended, in accordance with the cash basis of accounting described in Note 1.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter – Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

The District has not presented the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The prior year "memorandum only" comparative information is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

March 28, 2023



**BLEDSON, HEWETT & GULLEKSON**  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Limestone Fire Protection District  
Claremore, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Limestone Fire Protection District (the District), Claremore, Oklahoma, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2023. Our report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no significant deficiencies or material weaknesses in the internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

March 28, 2023



LIMESTONE FIRE PROTECTION DISTRICT  
CLAREMORE, OKLAHOMA  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS  
JUNE 30, 2021

Lack of Segregation of Duties

The exception that there were inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available which prevented a proper segregation of accounting functions and which was necessary in order to assure adequate internal accounting controls was corrected in the current fiscal year.

The District hired a CPA firm to act as bookkeeper, and installed several additional checks and balances in the areas of approval of expenses, notification/sharing of financial information and banking procedures.

LIMESTONE FIRE PROTECTION DISTRICT  
CLAREMORE, OKLAHOMA  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021

**Section 1 – Summary of Auditor’s Results:**

1. An unmodified opinion was issued on the financial statements with respect to the cash basis of accounting used.
2. The audit disclosed no material weaknesses and no significant deficiencies not considered to be material weaknesses in the internal controls.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

**Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:**

NONE

**LIMESTONE FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2021**

	June 30,	-Memorandum- -Only- 2020
	<u>2021</u>	
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 975,873	1,367,754
Investments	823,762	820,449
Total current assets	<u>1,799,635</u>	<u>2,188,203</u>
Noncurrent assets:		
Restricted cash	12,570	12,557
Capital assets:		
Land	108,538	108,538
Buildings and grounds	1,529,090	1,033,861
Vehicles and equipment	7,809,787	7,413,858
Less: Accumulated depreciation	<u>(5,152,778)</u>	<u>(4,758,406)</u>
Total noncurrent assets	<u>4,307,207</u>	<u>3,810,408</u>
<b>Total Assets</b>	<b><u>\$ 6,106,842</u></b>	<b><u>5,998,611</u></b>
 <b><u>LIABILITIES</u></b>		
Current liabilities:		
Current portion of long-term debt	\$ 203,562	197,198
Noncurrent liabilities:		
Long-term capital leases	<u>1,016,933</u>	<u>1,220,495</u>
<b>Total Liabilities</b>	<b><u>1,220,495</u></b>	<b><u>1,417,693</u></b>
 <b><u>NET POSITION</u></b>		
Net investment in capital assets	3,074,142	2,380,158
Restricted	12,570	12,557
Unrestricted	<u>1,799,635</u>	<u>2,188,203</u>
<b>Total Net Position</b>	<b><u>4,886,347</u></b>	<b><u>4,580,918</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 6,106,842</u></b>	<b><u>5,998,611</u></b>

The accompanying notes are an integral part of these financial statements.

**LIMESTONE FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2020-21</u>	<u>-Memorandum- -Only- 2019-20</u>
Operating Revenues:		
Special assessment taxes	\$ 1,385,003	1,299,137
Donations and reimbursements	17,909	42,118
Total operating revenues	<u>1,402,912</u>	<u>1,341,255</u>
Operating Expenses:		
Payroll	371,559	225,339
Depreciation	394,372	380,244
Equipment and tools	44,072	208,073
Repairs and maintenance	54,516	77,719
Insurance	75,816	105,337
Dispatching	10,185	14,832
Utilities	24,688	22,256
Parts and supplies	26,981	27,296
Vehicles - gas, oil and propane	21,629	17,524
Telephone	7,242	6,494
Office	8,701	4,740
Professional fees	51,056	32,842
Dues, fees and memberships	2,062	10,837
Training fees	19,369	2,636
Advertising	18,298	1,797
Miscellaneous	3,790	3,658
Rent	5,652	5,252
Total expenses from operations	<u>1,139,988</u>	<u>1,146,876</u>
Operating Income (Loss)	262,924	194,379
Non-Operating Revenues (Expenses):		
Interest income	4,386	9,270
Grant proceeds	4,826	4,642
Sale of land and equipment	79,362	65,000
Interest paid on long-term debt	(46,069)	(37,922)
Total Non-Operating Revenues (Expenses)	<u>42,505</u>	<u>40,990</u>
Changes in Net Position	305,429	235,369
Total Net Position, beginning of period	<u>4,580,918</u>	<u>4,345,549</u>
Total Net Position, end of period	<u>\$ 4,886,347</u>	<u>4,580,918</u>

The accompanying notes are an integral part of the financial statements.

**LIMESTONE FIRE PROTECTION DISTRICT  
STATEMENT OF CASH FLOWS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2020-21</u>	<u>-Memorandum- -Only- 2019-20</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from tax collections	\$ 1,385,003	1,299,137
Refunds and other operating inflows	17,909	42,118
Payments to vendors	(374,057)	(541,293)
Payments to employees	(371,559)	(225,339)
Net Cash Provided by Operating Activities	<u>657,296</u>	<u>574,623</u>
<b>Cash Flows from Investing Activities:</b>		
Investments (purchased) liquidated	(3,313)	(7,874)
Interest earnings	4,386	9,270
Net Cash Provided by Investing Activities	<u>1,073</u>	<u>1,396</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Grants received	4,826	4,642
Lease-purchase proceeds	0	500,000
Capital assets purchased (sold)	(811,796)	(1,050,066)
Interest expenses on debt	(46,069)	(37,922)
Principal payments on debt	(197,198)	(195,211)
Net Cash Provided by Capital and Related Financing Activities	<u>(1,050,237)</u>	<u>(778,557)</u>
Net increase (decrease) in cash and cash equivalents	(391,868)	(202,538)
Cash & cash equivalents, beginning of period	<u>1,380,311</u>	<u>1,582,849</u>
Cash & cash equivalents, end of period	<u>\$ 988,443</u>	<u>1,380,311</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 262,924	194,379
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	<u>394,372</u>	<u>380,244</u>
Net Cash Provided by Operating Activities	<u>\$ 657,296</u>	<u>574,623</u>

The accompanying notes are an integral part of the financial statements.

**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2021

**Note A – Organization**

The Limestone Fire Protection District (the District) was created on March 31, 1980 by the County Commissioners of Rogers County, State of Oklahoma. The District's operations consist of fire protection to the constituents in its fire district area and receives ad valorem (property) tax revenue to fund its operations.

**Note B – Significant Accounting Policies**

These financial statements have been prepared on the cash basis of accounting. Under the cash basis of accounting, revenues are recorded when received instead of when susceptible to accrual or when earned. Expenditures are recorded when paid rather than when obligations are incurred. This basis is not in compliance with generally accepted accounting principles.

**Cash**

The District had the following cash accounts at RCB Bank at June 30, 2021:

Operating account - unrestricted	\$ 915,705
Payroll account - unrestricted	60,068
Emergency account - restricted	<u>12,570</u>
Total	<u><u>\$ 988,343</u></u>

**Investments**

The District had seven certificates of deposit at fiscal year-end. Five of these CDs are 12 month maturities and two are 18 month maturities. The ending amount of these investments at June 30, 2021 is \$823,762.

**Bank Assets**

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2021

Bank deposits are held at RCB Bank and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Custodial Credit Risk - At June 30, 2021 the District held deposits of approximately \$1,809,779 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Fair Value of Financial Instruments – The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

**Federal Income Tax, Employee Benefit and Retirement Plans**

The District is a fire department that employs both paid and volunteer employees and pays federal and state income taxes and employee benefits on all its employees. The District Employee Retirement Plan is facilitated through the Oklahoma Firefighter Pension Program.

**Memorandum Totals**

The "Memorandum Only" captions above the total columns mean that amounts are presented for overview information purposes only.

**Insurance Coverage**

The District maintained adequate insurance coverage for the 2020-21 fiscal year. Coverage includes auto liability and damage, property, inland/marine, comprehensive general liability, errors and omissions, employment liability and employment dishonesty and crime.

**Capital Assets**

Any items purchased or constructed in excess of \$2,500 and a useful life of over two years is considered a capital (fixed) asset by the District and will be depreciated over a specific time. Capital assets are valued at cost, depreciation is computed by use of the straight-line method.

**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2021

The estimated useful lives of these assets are detailed as follows:

Land	0 years
Building and grounds	30 years
Equipment and vehicles	7-15 years

The capital asset information for the District is shown below:

	7/1/2020 Amount	Additions	Deletions	6/30/2021 Amount
Land	\$ 108,538	-	-	108,538
Building and grounds	1,033,861	495,229	-	1,529,090
Equipment and vehicles	7,413,858	395,929	-	7,809,787
Less: Accumulated Depreciation	<u>(4,758,406)</u>	<u>(394,372)</u>	<u>-</u>	<u>(5,152,778)</u>
Total	<u>\$ 3,797,851</u>	<u>496,786</u>	<u>-</u>	<u>4,294,637</u>

**Note C - Long-term Debt**

The District is indebted to the Kansas State Bank on four lease-purchase notes obtained to finance equipment and system improvements. The notes are secured by system revenues and property, plant and equipment. Long-term debt at June 30, 2021 is summarized as follows:

1) Lease purchase dated 4/1/16, \$321,000 @ 3.06%, payable in annual installments of \$51,639.11 through April 2023	\$ 98,724
2) Lease purchase dated 10/1/17, \$600,000 @ 3.40%, payable in annual installments of \$71,781.65 through October 2027	440,555
3) Lease purchase dated 2/1/18, \$375,000 @ 3.26%, payable in annual installments of \$60,781.05 through February 2025	224,531
4) Lease purchase dated 11/22/19, \$500,000 @ 3.126%, payable in annual installments of \$59,064.84 through November 2029	<u>456,685</u>
Total Long-Term Debt	<u>\$ 1,220,495</u>



**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2021

The estimated maturities for future years, based on the required monthly payments, are detailed as follows:

<u>June 30,</u>	<u>Note 1</u>	<u>Note 2</u>	<u>Note 3</u>	<u>Note 4</u>	<u>Totals</u>
2022	\$ 48,618	56,803	53,461	44,679	203,561
2023	50,106	58,734	55,204	46,087	210,131
2024	-	60,731	57,004	47,538	165,273
2025	-	62,796	58,862	49,036	170,694
2026	-	64,931	-	50,581	115,512
2027	-	67,139	-	52,174	119,313
2028	-	69,421	-	53,817	123,238
2029	-	-	-	55,512	55,512
2030	-	-	-	57,261	57,261
Total	<u>\$ 98,724</u>	<u>440,555</u>	<u>224,531</u>	<u>456,685</u>	<u>1,220,495</u>

**Note D – Subsequent Events**

On October 10, 2020, the Board of Directors approved the purchase of two 2,000-gallon Darley brush tanker trucks. The District paid a \$250,000 down payment in June 2021 for these vehicles, and the remainder of the financing would be paid through a lease-purchase agreement. A lease-purchase agreement was approved in the 2021-22 fiscal year in the amount of \$764,200 and the District took delivery of these vehicles in January 2022. Regarding this transaction, the \$250,000 down payment paid in June 2021 is the only addition to capital assets on the 2020-21 fiscal year financial statements.

Management has evaluated subsequent events through March 28, 2023, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.